



Popular, Inc.

Basel III Regulatory Capital Disclosures Report
June 30, 2025

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BACKGROUND AND OVERVIEW

Organization

Popular Inc. (the "Corporation," "Popular," "we," "us," "our") is a diversified, publicly owned financial holding company, registered under the Bank Holding Company Act of 1956, as amended, and subject to supervision and regulation by the Board of Governors of the Federal Reserve System. We operate in two principal markets, Puerto Rico and the United States. In Puerto Rico, the Corporation provides retail, mortgage and commercial banking services and auto and equipment leasing and financing through its principal banking subsidiary, Banco Popular de Puerto Rico ("BPPR"), as well as broker-dealer and insurance services through specialized subsidiaries. In the U.S. mainland, the Corporation provides retail, mortgage, commercial banking services, as well as equipment leasing and financing, through its New York-chartered banking subsidiary, Popular Bank ("PB" or "Popular U.S."), which has branches located in New York, New Jersey, and Florida. For additional details on the Bank Holding company, subsidiaries, and principal markets of operations, refer to the "Business" section under Part 1, Item 1 of Popular's 2024 Form 10-K.

Report Overview

Popular, BPPR and PB are each required to comply with applicable capital adequacy standards established by the federal banking agencies, which implement the Basel III framework set forth by the Basel Committee on Banking Supervision. This report and certain of the Corporation's public filings contain disclosures required under Pillar 3 of the Basel III regulatory capital framework. This report should be read in conjunction with the Corporation's Form 10-K for the year ended December 31, 2024, our Form 10-Q for the quarter ended June 30, 2025, and FR-Y-9C consolidated financial statements for the quarter ended June 30, 2025. A disclosure index is provided in Appendix 1 of this report.

Forward-looking Statements

This report contains "forward-looking statements" within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, including without limitation those regarding Popular's business, financial condition, results of operations, plans, objectives, and future performance. These statements are not guarantees of future performance, are based on management's current expectations and, by their nature, involve risks, uncertainties, estimates and assumptions. Potential factors, some of which are beyond the Corporation's control, could cause actual results to differ materially from those expressed in, or implied by, such forward-looking statements. Risks and uncertainties include, without limitation, the effect of competitive and economic factors, and our reaction to those factors, the adequacy of the allowance for loan losses, delinquency trends, market risk and the impact of interest rate changes (including on our cost of deposits), our ability to attract deposits and grow our loan portfolio, capital market conditions, capital adequacy and liquidity, the effect of legal and regulatory proceedings, new regulatory requirements or accounting standards on the Corporation's financial condition and results of operations, the occurrence of unforeseen or catastrophic events, such as extreme weather events, pandemics, man-made disasters or acts of violence or war, as well as actions taken by governmental authorities in response thereto, and the direct and indirect impact of such events on Popular, our customers, service providers and third parties. Other potential factors include Popular's ability to successfully execute its transformation initiative, including, but not limited to, achieving projected earnings, efficiencies and return on tangible common equity and accurately anticipating costs and expenses associated therewith, imposition of additional or special Federal Deposit Insurance Corporation ("FDIC") assessments, or increases thereto, changes to regulatory capital, liquidity and resolution-related requirements applicable to financial institutions in response to recent developments affecting the banking sector, the impact of bank failures or adverse developments at other banks and related negative media coverage of the banking industry in general on investor and depositor sentiment regarding the stability and liquidity of banks and changes in and uncertainty regarding federal funding, tax and trade policies, and rulemaking, supervision, examination and enforcement priorities of the federal administration. All statements contained herein that are not clearly historical in nature, are forward-looking, and the words "anticipate," "believe," "continues," "expect," "estimate," "intend," "project" and similar expressions, and future or conditional verbs such as "will," "would," "should," "could," "might," "can," "may" or similar expressions, are generally intended to identify forward-looking statements.

More information on the risks and important factors that could affect the Corporation's future results and financial condition is included in our Form 10-K for the year ended December 31, 2024 and in our Form 10-Q for the quarter ended June 30, 2025, filed with the Securities and Exchange Commission. Our filings are available on the Corporation's website (www.popular.com) and on the Securities and Exchange Commission website (www.sec.gov). The Corporation assumes no obligation to update or revise any forward-looking statements or information which speak as of their respective dates.



I. SCOPE OF APPLICATION

Basis of Consolidation

The consolidated financial statements include the accounts of Popular and its subsidiaries. Intercompany accounts and transactions have been eliminated in consolidation. In accordance with the consolidation guidance for variable interest entities ("VIEs"), Popular also consolidates any VIEs for which it has a controlling financial interest; and therefore, it is the primary beneficiary. Assets held in a fiduciary capacity are not assets of the Corporation and, accordingly, are not included in the Consolidated Statements of Financial Condition. Statutory business trusts that are wholly owned by the Corporation and are issuers of trust preferred securities are not consolidated in the Corporation's Consolidated Financial Statements. Popular uses the same basis of consolidation for accounting and regulatory purposes. For more information on Statutory trusts established by Popular, refer to "Note 17 – Trust Preferred Securities" under "Notes to Consolidated Financial Statements" of Popular's 2024 Form 10-K.

Restrictions on the Transfer of Funds or Total Capital

The principal sources of funding for Popular include dividends received from its banking and non-banking subsidiaries, asset sales and proceeds from the issuance of debt and equity. Various statutory provisions limit the amount of dividends an insured depository institution may pay to its holding company without regulatory approval. Member banks must obtain the approval of the Federal Reserve Board for any dividend, if the total of all dividends declared by the member bank during the calendar year would exceed the total of its net income for that year, combined with its retained net income for the preceding two years, after considering those years' dividend activity, less any required transfers to surplus or to a fund for the retirement of any preferred stock. During the six months ended June 30, 2025, BPPR declared cash dividends of \$200 million. At June 30, 2025, BPPR could declare a dividend, without prior approval of the Federal Reserve Board, of approximately \$209 million due to its retained income, its declared dividend activity, and transfers to statutory reserves. In addition, a member bank may not declare or pay a dividend in an amount greater than its undivided profits as reported in its Report of Condition and Income, unless the member bank has received the approval of the Federal Reserve Board. A member bank also may not permit any portion of its permanent capital to be withdrawn unless the withdrawal has been approved by the Federal Reserve Board. Pursuant to these requirements, PB may not declare or pay a dividend without the prior approval of the Federal Reserve Board and the New York State Department of Financial Services ("NYDFS"). For additional information refer to "Restrictions on Dividends and Repurchases" under Part 1, Item 1 of Popular's 2024 Form 10-K and to the "Liquidity" section under "Management's Discussion and Analysis of Financial Condition and Results of Operations" of Popular's Form 10-Q for the quarter ended June 30, 2025.

Capital of Insurance Subsidiaries

At June 30, 2025, the total capital of Popular included \$25.4 million of surplus capital of insurance subsidiaries.

Capital Requirements

Popular, BPPR and PB are subject to the U.S. Basel III capital requirements, including minimum and well capitalized regulatory capital ratios and compliance with the standardized approach for determining risk-weighted assets. Management has determined that as of June 30, 2025, the Corporation exceeded all capital adequacy requirements to which it is subject and thus it is considered well capitalized. For additional information on Popular's capital requirements, refer to "Note 20 - Regulatory Capital Requirements" under "Notes to Consolidated Financial Statements" of Popular's 2024 Form 10-K and to "Regulatory Capital" section under "Management's Discussion and Analysis of Financial Condition and Results of Operations" of Popular's Form 10-Q for the quarter ended June 30, 2025.



II. CAPITAL STRUCTURE

Summary of Capital

Popular, BPPR and PB are each required to comply with applicable capital adequacy standards established by the federal banking agencies as codified in the Federal Register under 12 CFR Part 217 (the "Capital Rules" or "U.S. Basel 3 Requirements"), which implement the Basel III framework set forth by Basel Committee on Banking Supervision (the "Basel Committee" or "BCBS") as well as certain provisions of the Dodd-Frank Act.

Among other matters, the Capital Rules: (i) impose a capital measure called "Common Equity Tier 1" ("CET1") and the related regulatory capital ratio of CET1 to risk weighted assets; (ii) specify that Tier 1 capital consists of CET1 and "Additional Tier1 capital" instruments meeting certain requirements; and (iii) mandate that most deductions/adjustments to regulatory capital measures be made to CET1 and not to the other components of capital. Under the Capital Rules, Popular's CET1 capital is comprised of common stock and Additional Tier 1 capital is comprised of 6.375% coupon non-cumulative perpetual monthly income 2003 Series A preferred stock.

The Capital Rules preclude certain hybrid securities, such as trust preferred securities, from inclusion in bank holding companies' Tier 1 capital. Trust preferred securities no longer included in Popular's Tier 1 capital may nonetheless be included as a component of Tier 2 capital. Popular has not issued any trust preferred securities since May 19, 2010. As of June 30, 2025, Popular has \$193 million of trust preferred securities outstanding which no longer qualify for Tier 1 capital treatment, but instead qualify for Tier 2 capital treatment. Additionally, Popular's Tier 2 capital includes a portion of the allowance for credit losses, subject to the Capital Rules' specific requirements. For additional information on Popular's capital structure, refer to "Capital Adequacy" under Part 1, item 1; "Note 19 - Stockholders' Equity"; "Note 20 - Regulatory Capital Requirements" under "Notes to Consolidated Financial Statements"; and "Regulatory Capital" section under "Management's Discussion and Analysis of Financial Condition and Results of Operations" of Popular's 2024 Form 10-K; and to "Regulatory Capital" section under Management's Discuss and Analysis of Popular's Form 10-Q for the quarter ended June 30, 2025. For additional information on statutory trusts established by the Corporation, refer to "Note 17 - Trust Preferred Securities" under "Notes to Consolidated Financial Statements" of Popular's 2024 Form 10-K.

The following table provides information on Popular's components of capital used in calculating CET1, Tier 1 capital and total capital at June 30, 2025.

Regulatory Capital Components

(Dollars in thousands)

At June 30, 2025

Common Equity Tier 1 capital:	
Common stockholder's equity	\$ 5,931,875
AOCI opt-out election related adjustments	1,325,146
Goodwill, net of associated deferred tax liability (DTL)	(653,493)
Intangibles, net of associated DTLs	(5,844)
Deferred tax assets and other deductions	(228,617)
Total Common Equity Tier 1 capital	6,369,067
Additional Tier 1 Capital:	
Preferred Stock	22,143
Total Additional Tier 1 Capital	22,143
Total Tier 1 capital	\$ 6,391,210
Tier 2 capital:	
Trust preferred securities	192,674
Allowance for credit losses	503,781
Total Tier 2 capital	696,455
Total capital	\$ 7,087,665



III. CAPITAL ADEQUACY

Internal Capital Adequacy Process

Popular's Asset / Liability Committee ("ALCO"), comprising senior management representatives from the business lines and corporate functions, and the Corporate Finance Group, reviews the Corporation's capital policy and the attainment of the Corporation's capital management objectives. Popular's capital planning process integrates the Corporation's risk profile as well as its strategic focus, operating environment, and other factors that could materially affect capital adequacy in hypothetical highly stressed business scenarios. Capital ratio targets and triggers take into consideration the different risks evaluated under Popular's risk management framework.

The Corporation, like most financial institutions, faces risks inherent to its business, financial condition, liquidity, results of operations and capital position. Popular's Enterprise Risk Management Committee (the "ERM Committee") monitors these principal risks as defined in the Risk Appetite Statement ("RAS") of the Risk Management Policy, including the monitoring of capital adequacy. For more information on risk management, refer to "Enterprise Risk Management" under Risk Management of Popular's 2024 Form 10-K.

Although Popular is not subject to the U.S. Dodd-Frank Act's supervisory stress testing, it has established an annual capital planning stress testing process. The key objective of the capital planning and stress test process is to determine the level of capital that Popular needs in order to absorb the impact of a hypothetical highly stressed business scenario while continuing to provide credit in the markets it serves. The amount of capital that Popular and its banking subsidiaries require to operate is a function of the risk profile of Popular, its strategic focus, its operating environment and other factors that could materially affect capital adequacy.

Our Board of Directors and our management believe that our operating capital targets are appropriate and prudent after undergoing a thorough assessment of Popular's overall risk profile and capital position. Factors considered in our analysis include the results of our stress test and the factors listed in the Federal Reserve Board of Governors' Supervisory Letter 09-4 ("SR 09-4").

The following table provides information on Popular's capital at June 30, 2025.

Regulatory Capital Ratios	At June 30, 2025		
	BPPR	PB	Popular
Common Equity Tier 1 capital	15.97%	13.65%	15.91%
Tier 1 capital	15.97%	13.65%	15.96%
Total capital	17.24%	14.49%	17.70%

The following table provides information on Popular's standardized approach risk-weighted assets at June 30, 2025.

Standardized Approach Risk-Weighted Assets (Dollar in thousands)	At June 30, 2025
Exposures to depository institutions, foreign banks, and credit unions	20,139
Exposures to Public Sector Entities ("PSEs")	1,324,184
Corporate exposures	21,514,628
Residential mortgage exposures	4,169,264
Statutory multifamily mortgages and pre-sold construction loans	1,669,716
High Volatility Commercial Real Estate ("HVCRE") loans	195,605
Past due loans	233,709
Other assets	10,598,117
Equity exposures	311,552
Total Standardized Approach Risk-Weighted Assets	\$ 40,036,914

Other Assets includes \$245 thousand of securitization RWA calculated using the gross-up approach; see section VIII for more details.



IV. CAPITAL CONSERVATION BUFFER

The Capital Rules also require an additional 2.5% “capital conservation buffer” in addition to the minimum risk-based capital ratios. The capital conservation buffer is designed to absorb losses during periods of economic stress. Popular, BPPR and PB are required to maintain this additional capital conservation buffer of 2.5% of CET1, resulting in minimum ratios of (i) CET1 to risk-weighted assets of at least 7%, (ii) Tier 1 capital to risk-weighted assets of at least 8.5%, and (iii) Total capital to risk-weighted assets of at least 10.5%. Banking institutions with a CET1 capital ratio above the minimum requirement but below the capital conservation buffer will face graduated constraints on dividends, equity repurchases and discretionary bonus payments based on the amount of the shortfall and “eligible retained income” (that is, the greater of net income for the four calendar quarters preceding the current calendar quarter, net of any distributions and associated tax effects not already reflected in net income, and the average of net income for the four calendar quarters preceding the current calendar quarter). For more details on Popular’s risk-based capital including the capital conservation buffer refer to “Note 20 – Regulatory Capital Requirements” of the “Notes to Consolidated Financial Statements”; “Regulatory Capital” section under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of Popular’s 2024 Form 10-K and “Regulatory Capital Section” under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of Popular’s Form 10-Q for the quarter ended June 30, 2025. As of June 30, 2025, Popular’s eligible retained income was \$180 million. There were no limitations on distributions and discretionary bonus payments resulting from the capital conservation buffer framework.

The following table provides information the Corporation’s capital conservation buffer at June 30, 2025, under the Capital Rules.

	Actual Ratio	Minimum Requirement	Capital Conservation Buffer	Required Capital Conservation Buffer
Common Equity Tier 1 Capital	15.91%	4.50%	11.41%	2.50%
Tier 1 Risk-Based Capital	15.96%	6.00%	9.96%	2.50%
Total Risk-Based Capital	17.70%	8.00%	9.70%	2.50%

The total risk-based capital above the minimum required at June 30, 2025, was 9.70% which exceeds the minimum required capital conservation buffer of 2.50%.

V. CREDIT RISK: GENERAL DISCLOSURES

Interest from loan portfolios is Popular's principal source of revenue. Making these loans exposes the Corporation to credit risk. Credit risk is controlled and monitored through active asset quality management, including the use of lending standards, thorough review of potential borrowers and active asset quality administration. Business activities that expose the corporation to credit risk are managed within the Board of Director's Risk Management policy and the Credit Risk Tolerance Limits policy, which establishes limits that consider factors such as maintaining a prudent balance of risk taking across diversified risk types and business units, compliance with regulatory guidance, and controlling the exposure to lower credit quality assets. For further information on Popular's policy for determining past due or delinquency status, placing loans on non-accrual, identifying impaired loans, charging off uncollectible amounts and methodology used to estimate allowance for credit losses, refer to "Note 2 - Summary of Significant Accounting Policies" under "Notes to Consolidated Financial Statements" of Popular's 2024 Form 10-K.

The allowance for credit losses ("ACL") represents management's estimate of expected credit losses through the remaining contractual life of the different loan segments impacted by expected prepayments. The Corporation's management evaluates the adequacy of the ACL on a quarterly basis. In this evaluation, management considers current conditions, macroeconomic economic expectations through a reasonable and supportable period, historical loss experience, portfolio composition by loan type and risk characteristics, results of periodic credit reviews of individual loans, and regulatory requirements, amongst other factors. For further information on credit risks, including geographic and government risks, non-performing loans, loan delinquencies and allowance for credit losses, refer to the "Credit Risk" section under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Note 8 - Allowance for credit losses – loans held-in-portfolio" under "Notes to Consolidated Financial Statements" of Popular's 2024 Form 10-K and to the "Credit Risk" section under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Note 8 – "Allowance for credit losses – loans held-in-portfolio" under "Notes to Consolidated Financial Statements" of the Corporation's Form 10-Q for the quarter ended June 30, 2025.

Additionally, the Corporation has defined a risk rating system to assign a rating to all credit exposures, particularly for the commercial and construction loan portfolios. Risk ratings in the aggregate provide the Corporation's management the asset quality profile for the loan portfolio. The risk rating system provides for the assignment of ratings at the obligor level based on the financial condition of the borrower. The risk rating analysis process is performed at least once a year or more frequently if events or conditions change which may deteriorate the credit quality. In the case of consumer and mortgage loans, these loans are classified considering their delinquency status at the end of the reporting period. For more information on Popular's risk rating system refer to "Credit Quality" under "Note 8 - Allowance for credit losses – loans held-in-portfolio" under "Notes to Consolidated Financial Statements" of Popular's 2024 Form 10-K.

The following table provides information on credit risk exposures including on balance sheet, off balance sheet, investments in debt securities and over-the-counter derivatives for Popular in Puerto Rico and the United States, the two principal markets of operations for Popular, at June 30, 2025.



Credit Exposures

At June 30, 2025

(Dollars in thousands)	Puerto Rico	U.S.	Popular
Commercial multi-family	\$ 306,363 \$	2,214,426 \$	2,520,789
Commercial real estate non-owner occupied	3,329,984	2,191,390	5,521,374
Commercial real estate owner occupied	1,202,106	1,801,749	3,003,855
Commercial and industrial	5,594,724	2,449,028	8,043,752
Construction	253,299	1,214,902	1,468,201
Mortgage	7,106,904	1,340,421	8,447,325
Leasing	1,983,068	-	1,983,068
Consumer			
Credit cards	1,215,290	3	1,215,293
Home equity lines of credit	1,809	75,670	77,479
Personal	1,792,210	84,253	1,876,463
Auto	3,861,702	-	3,861,702
Other	160,422	8,353	168,775
On-Balance Sheet Total	26,807,881	11,380,195	38,188,076
Commitments to extend credit	10,080,850	1,778,385	11,859,235
Serviced portfolio subject to credit recourse guarantee	459,944	-	459,944
Other commitments	93,371	59,300	152,671
Off-Balance Sheet Total	10,634,165	1,837,685	12,471,850
Investments in Debt Securities	27,021,349	1,004,588	28,025,937
Over the counter derivatives	24,792	-	24,792
Total Credit Risk Exposures	\$ 64,488,187 \$	14,222,468 \$	78,710,655



Commercial real estate comprises non-owner occupied and owner-occupied real estate. Consumer loans comprise credit cards, home equity lines of credit, personal, and auto loans. For more information on loans, refer to “Note 7 – Loans” under “Notes to Consolidated Financial Statements” of Popular’s Form 10-Q for June 30, 2025.

Investments in debt securities are comprised mainly of U.S. Treasuries and mortgage-backed securities. These securities carry an explicit or implicit guarantee from the U.S. Government, are highly rated by major rating agencies, and have a long history of no credit losses. For more information on debt securities, refer to “Note 5 – Debt securities available-for-sale” and “Note 6 – Debt securities held-to-maturity” under “Notes to Consolidated Financial Statements” of Popular’s Form 10-Q for June 30, 2025.

The off-balance sheet exposures include commitments to extend credit, commercial letters of credit, standby letters of credit, commitments to originate or fund mortgage loans and service portfolio subject to credit recourse guarantee.

For information on average credit exposures for on-balance sheet and investments in debt securities, refer to Table 3 – “Analysis of Levels & Yields on a Taxable Equivalent Basis from Continuing Operations (Non-GAAP)” under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” of Popular’s Form 10-Q for June 30, 2025.

The following table provides information on Industry distribution for on-balance sheet exposures at June 30, 2025.

On-Balance Sheet Exposures

(Dollars in thousands)

	At June 30, 2025
Loans secured by real estate	\$ 21,242,447
Loans to finance agricultural production and other loans to farmers	4,829
Commercial and industrial loans:	
To U.S. addressees (domicile)	4,177,736
To non-U.S. addressees (domestic)	13,461
Total Commercial and industrial loans	4,191,197
Loans to individuals for household, family, and other personal expenditures (i.e., consumer loans)	
Credit cards	1,215,293
Other revolving credit plans	71,208
Automobile loans	3,861,753
Other consumer loans (includes single payment, installment, and all student loans)	1,913,056
Total Loans to individuals for household, family, and other personal expenditures (i.e., consumer loans)	7,061,310
Loans to non-depository financial institutions and other loans [1] [2]	3,549,830
Lease financing receivables (net of unearned income)	2,138,463
On-Balance Sheet Total	\$ 38,188,076

[1] Includes \$140.8 million of loans to Municipalities of Puerto Rico that are classified as Held-to-Maturity Securities issued by states and political subdivision of the U.S. in Schedule HC-C of the Corporation’s FR Y-9C for the quarter ended June 30, 2025.

[2] Excludes \$16.8 million in escrow advances that are classified as Other loans in Schedule HC-C of the Corporation’s FR Y-9C for the quarter ended June 30, 2025.

The following table provides information on industry distribution for investments in debt securities at June 30, 2025.

Investments in Debt Securities

(Dollar in thousands)

	At June 30, 2025
U.S. Treasury securities	\$ 22,892,453
Collateralized mortgage obligations - federal agencies	111,942
Mortgage-backed securities	4,966,234
Other	750
Obligations of Puerto Rico, States and political subdivisions	48,598
Securities in wholly owned statutory business trusts	5,960
Investments in Debt Securities Total	\$ 28,025,937



The following table provides information on impaired loans and amount of loans past due 90 days or more for Puerto Rico and the United States, the two principal markets of operations for Popular, at June 30, 2025.

(Dollars in thousands)	Popular						Past Due 90 or More					
	Puerto Rico		Popular U.S.		Popular, Inc.		Puerto Rico		Popular U.S.		Popular, Inc.	
	Non-Accrual with no Allowance	Non-Accrual with Allowance	Non-Accrual with no Allowance	Non-Accrual with Allowance	Non-Accrual with no Allowance	Non-Accrual with Allowance	Non-Accrual	Non-Accruing	Non-Accrual	Non-Accruing	Non-Accrual	Non-Accruing
Commercial multi-family	\$ -	\$ 174	\$ 10,751	\$ -	\$ 10,751	\$ 174	\$ 174	\$ -	\$ 10,751	\$ -	\$ 10,925	\$ -
Commercial real estate non-owner occupied	3,168	2,916	7,016	877	10,184	3,793	6,084	-	7,893	-	13,977	-
Commercial real estate owner occupied	17,795	9,525	-	231	17,795	9,756	27,320	-	231	-	27,551	-
Commercial and industrial	-	8,588	-	2,836	-	11,424	8,588	4,064	2,836	189	11,424	4,253
Mortgage	63,464	84,000	905	27,147	64,369	111,147	147,464	176,676	28,052	-	175,516	176,676
Leasing	479	7,497	-	-	479	7,497	7,976	-	-	-	7,976	-
Consumer:												
Credit Card	-	-	-	-	-	-	-	25,201	-	-	-	25,201
HELOCs	-	-	-	3,120	-	3,120	-	-	3,120	-	3,120	-
Personal	3,460	14,039	-	1,094	3,460	15,133	17,499	-	1,094	-	18,593	-
Auto	1,973	38,622	-	-	1,973	38,622	40,595	-	-	-	40,595	-
Other	-	1,948	-	-	-	1,948	1,948	264	-	-	1,948	264
Total Credit Risk	\$ 90,339	\$ 167,309	\$ 18,672	\$ 35,305	\$ 109,011	\$ 202,614	\$ 257,648	\$ 206,205	\$ 53,977	\$ 189	\$ 311,625	\$ 206,394

The following table provides information on changes in the ACL of loans held-in-portfolio and unfunded commitments at June 30, 2025.

Allowance for Credit Losses

(Dollars in thousands)

At June 30, 2025

Allowance for credit losses - loans:	
Beginning balance at March 31, 2025	\$ 762,148
Provision for credit losses (benefit)	49,539
Charge-offs	(64,290)
Recoveries	22,088
Ending balance - loans	769,485
Allowance for credit losses - unfunded commitments:	
Beginning balance at March 31, 2025	14,169
Provision for credit losses (benefit)	(1,116)
Ending balance - unfunded commitments [1]	\$ 13,053

[1] Allowance for credit losses of unfunded commitments is presented as part of Other Liabilities in the Consolidated Statements of Financial Condition of Popular's Form 10-Q for June 30, 2025.



The following table provides information on remaining contractual maturity delineation of Popular's whole loan portfolio, categorized by credit exposure, at June 30, 2025.

Credit Exposures (Dollars in thousands)	As of June 30, 2025				Total
	Maturities				
	<1 year	1-5 years	>5 years		
Commercial	\$ 5,857,152	\$ 11,068,628	\$ 2,163,990		19,089,770
Construction	978,154	412,570	77,477		1,468,201
Mortgage	657,545	2,569,653	5,220,127		8,447,325
Leasing	638,182	1,343,274	1,612		1,983,068
Consumer	2,038,511	4,125,249	1,035,952		7,199,712
On-Balance Sheet Total	\$ 10,169,544	\$ 19,519,374	\$ 8,499,158		38,188,076
Commitments to extend credit	8,923,146	2,708,811	227,278		11,859,235
Serviced portfolio subject to credit recourse guarantee	629	14,430	444,885		459,944
Other Commitments	128,594	24,077	-		152,671
Off-Balance Sheet Total	\$ 9,052,369	\$ 2,747,318	\$ 672,163		12,471,850
Investments in Debt Securities	13,093,483	9,920,176	5,012,278		28,025,937
Over the counter derivatives	5,765	19,027	-		24,792
Total Credit Risk Exposures	\$ 32,321,161	\$ 32,205,895	\$ 14,183,599		78,710,655

VI. GENERAL DISCLOSURE FOR COUNTERPARTY CREDIT RISK-RELATED EXPOSURES

Popular is exposed to counterparty credit risk when the probability that one of the parties it transacts with may default on the underlying contractual obligation. Our credit risk and credit losses can increase to the extent our loans are concentrated in borrowers engaged in the same or similar activities or in borrowers who as a group may be uniquely or disproportionately affected by certain economic or market conditions. We have significant exposure to borrowers in certain economic sectors, such as residential and commercial real estate, hospitality, and healthcare. Challenging economic or market conditions that affect the industries or types of clients to which we have significant exposure could result in higher credit losses and adversely affect our financial condition and results of operations. The Corporation mitigates this risk through appropriate credit administration and maintaining credit policies and procedures that establish requirements for each loan and related collateral type, when applicable, during the underwriting, closing, and monitoring phases.

Popular uses derivatives in its trading activities to facilitate customer transactions, and as a means of risk management. Derivative instruments that the Corporation may use include, among others, interest rate caps, indexed options, and forward contracts. Credit risk embedded in these transactions is reduced by requiring appropriate collateral from counterparties and entering into netting agreements whenever possible. Additionally, the credit risk attributed to a counterparty's nonperformance is incorporated in the fair value of the derivatives. The fair value of the Corporation's own credit standing is also considered in the fair value of the derivative liabilities. For the year ended June 30, 2025, inclusion of the credit risk in the fair value of the derivatives resulted in a loss of \$0.1 million from the Corporation's credit standing adjustment. For further information on Popular's derivatives instruments, see "Note 25 - Derivative Instruments and Hedging Activities" under "Notes to Consolidated Financial Statements" of Popular's 2024 Form 10-K.

Deposits from the public sector represent an important source of funds for the Corporation. Generally, these deposits require that the bank pledge high credit quality securities as collateral; therefore, liquidity risks arising from public sector deposit outflows are lower given that the bank receives its collateral in return. The Corporation mainly utilizes fixed-rate U.S. Treasury debt securities as collateral. For further information on risks related to the Corporation's credit rating and capital levels, refer to "Liquidity Risks" under Item 1A "Risk Factors" and "Liquidity" section under "Management's Discussion and Analysis of Financial Condition and Results of Operations" of Popular's 2024 Form 10-K.

The following table provides information on financial instruments designated as non-hedging derivatives outstanding at June 30, 2025.

(Dollars in thousands)	At June 30, 2025		
	Notional Amount	Asset Fair Value	Liability Fair Value
Derivatives not designated as hedging instruments:			
Forward Contracts	\$ 6,950	\$ -	48
Interest rate caps	94,375	-	-
Indexed options on deposits	96,967	24,792	-
Bifurcated embedded options	93,809	-	23,301
Total derivative assets and liabilities	\$ 292,101	\$ 24,792	23,349



VII. CREDIT RISK MITIGATION

Popular maintains comprehensive credit policies for all lines of business to mitigate credit risk. The Corporation's credit policies are approved by our Board of Directors. These policies set forth, among other things, the objectives, scope, and responsibilities of the credit management cycle. Popular's internal written procedures establish underwriting standards and procedures for monitoring and evaluating loan portfolio quality and require prompt identification and quantification of asset quality deterioration or potential loss to ensure the adequacy of the allowance for credit losses. These written procedures establish various approval and lending limit levels, ranging from bank branch or department officers to managerial and senior management levels. Approval levels are primarily determined by the amount, type of loan, and risk characteristics of the credit facility. Additionally, Popular's credit policies and procedures establish documentation requirements for each loan and related collateral type, when applicable, during the underwriting, closing, and monitoring phases. Although the Corporation originates most of its loans internally in both the Puerto Rico and mainland United States markets, it occasionally purchases or participates in loans originated by other financial institutions, in which case it conducts the same underwriting analysis of the borrowers and applies the same criteria as it does for internally originated loans. For more information on Popular's credit administration refer to "Credit Administration and Credit Policies" under Item 1 "Business" of Popular's 2024 Form 10-K.

The Corporation's loan portfolio consists of commercial, construction, leasing, mortgage, and consumer loans. When making a loan or acquiring loan portfolios, management makes assumptions and judgments about the collectability of the loans, including the creditworthiness of borrowers and the value of the real estate and other assets serving as collateral for the repayment of secured loans. Because Popular's business activities are currently concentrated primarily in Puerto Rico, its results of operations and financial condition are dependent upon the general trends of the Puerto Rican economy and, in particular, the residential and commercial real estate markets. As of June 30, 2025, approximately 55% of the Corporation's loan portfolio consisted of loans secured by real estate collateral (comprising 29% in commercial loans, 22% in residential mortgage loans and 4% in construction loans). The Corporation's commercial loan portfolio secured by real estate ("CRE") amounted to \$11.0 billion, including multifamily loans, of which \$3.0 billion was secured with owner occupied properties. In addition, approximately 10% of the loan portfolio is comprised of auto loans, which are secured by automobiles. The Corporation had approximately \$2.3 billion in residential mortgage loans and \$81.0 million in commercial loans that carried a U.S. government guarantee, which are assigned a risk weight of 20% for regulatory capital purposes. The Corporation does not recognize the benefit of collateral for the purposes of reducing its capital requirements. For more information on Popular's loan portfolio, deposits portfolio and exposure to the Government of Puerto Rico, refer to "Financial Condition – Loans", "Financial Condition – Deposits" and "Credit Risk – Geographical and Government Risk" sections under "Management's Discussion and Analysis of Financial Condition and Results of Operations" and to "Note 20 - Commitment and Contingencies" under "Notes to Consolidated Financial Statements" of Popular's Form 10-Q for the quarter ended June 30, 2025.



VIII. SECURITIZATION

No material securitization exposures were held at June 30, 2025, but there were \$738 thousand of private collateralized mortgage obligations (“CMOs”) backed by GNMA collateral held in the investment portfolio. These senior exposures were risk-weighted using the gross-up approach and received a weighted-average risk weight of 33% based on the risk weight floors of 100% for the interest-only tranche and 20% for the remainder of the exposure.



IX. EQUITIES NOT SUBJECT TO MARKET RISK RULES

The market risk rule applies to any banking organization with aggregate trading assets and trading liabilities equal to (1) 10 percent or more of quarter-end total assets or (2) \$1 billion or more. Because Popular's trading assets and liabilities are below these thresholds, Popular is not subject to the market risk rule.

The Corporation's equity exposure principally comprises shares in closed-ended and open-ended mutual funds to meet the needs of clients of the Corporation's retail brokerage business, other equity securities related to employee deferred compensation plans, and equity in Centro Financiero BHD S.A., a Dominican Republic-based financial institution. Additionally, the Corporation's pension fund investment strategy under the employee benefit program includes equity investments comprising various types of stock and index funds. For more information on equities and pension funds, refer to the "Market / Interest Rate Risk" section of "Management's Discussion and Analysis of Financial Condition and Results of Operations", "Note 27 - Fair Value Measurement" and "Note 29 - Employee Benefits" under "Notes to Consolidated Financial Statements" of Popular's 2024 Form 10-K. Additionally, for more information on the Centro Financiero BHD exposures, refer to "Centro Financiero BHD, S.A." section under "Note 22 – Related party transactions" of the "Notes to Consolidated Financial Statements" of Popular's Form 10-Q for June 30, 2025.

The following table presents Popular's equity investment exposures by risk weight category at June 30, 2025.

Equity Investment Exposures (Dollars in thousands)	At June 30, 2025		
	Risk Weight Category	Exposure Amount	Risk-Weighted Asset Amount
Centro Financiero BHD in the Dominican Republic	100%	232,534 \$	232,534
Federal Home Loan Bank Stock	20%	66,153	13,231
Federal Reserve Bank Stock	0%	101,252	-
Non-Public Investment Funds	100%	11,405	11,405
Other Investments	100%	54,382	54,382
Total	\$	465,726 \$	311,552

X. INTEREST RATE RISK FOR NON-TRADING ACTIVITIES

Interest rate risk management is an active process that encompasses monitoring loan and deposit flows complemented by investment and funding activities. Effective management of interest rate risk begins with understanding the dynamic characteristics of assets and liabilities and determining the appropriate rate risk position given line of business forecasts, management objectives, market expectations and policy constraints.

Net interest income (“NII”) simulation analysis performed by legal entity and on a consolidated basis is a tool used by the Corporation in estimating the potential change in net interest income resulting from hypothetical changes in interest rates. Sensitivity analysis is calculated using a simulation model which incorporates actual balance sheet figures detailed by maturity and interest yields or costs.

Management assesses interest rate risk by comparing various NII simulations under different interest rate scenarios that differ in direction of interest rate changes, the degree of change and the projected shape of the yield curve. For example, the types of rate scenarios processed during the quarter include flat rates, implied forwards, and parallel and non-parallel rate shocks. Management also performs analyses to isolate and measure basis and prepayment risk exposures.

The Corporation’s asset and liability management group performs validation procedures on various assumptions used as part of the simulation analyses as well as validations of results on a monthly basis. In addition, the model and processes used to assess interest rate risk are subject to independent validations according to the guidelines established in the Model Governance and Validation policy.

The Corporation processes NII simulations under interest rate scenarios in which the yield curve is assumed to rise and decline by the same magnitude (parallel shifts). The rate scenarios considered in these market risk simulations include instantaneous parallel changes of -100, -200, +100, and +200 basis points during the succeeding twelve-month period. Simulation analyses are based on many assumptions, including that the balance sheet remains flat, the relative levels of market interest rates across all yield curve points and indexes, interest rate spreads, loan prepayments and deposit elasticity. Thus, they should not be relied upon as indicative of actual results. Further, the estimates do not contemplate actions that management could take to respond to changes in interest rates. Additionally, the Corporation is also subject to basis risk in the repricing of its assets and liabilities, including the basis related to using different rate indexes for the repricing of assets and liabilities, as well as the effect of pricing lags which may be contractual or due to historical differences in the timing of management responses to changes in the rate environment. By their nature, these forward-looking computations are only estimates and may be different from what may actually occur in the future. For further information regarding interest rate risk for non-trading activities, refer to the “Risk Management” section under “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Popular’s 2024 Form 10-K and June 30, 2025 Form 10-Q.

The following table presents the results of the simulations at June 30, 2025, assuming a static balance sheet and parallel changes over flat spot rates over a one-year time horizon:

(Dollars in thousands)	Net Interest Income Sensitivity	
	At June 30, 2025	
Change in interest rate	Amount Change	Percent Change
+200 basis points	22,433	0.85
+100 basis points	10,515	0.40
-100 basis points	(12,636)	(0.48)
-200 basis points	(18,563)	(0.71)

APPENDIX 1: Basel III Regulatory Capital Disclosure Matrix

The following table presents a summary of references to Popular's Annual Report Form 10-K, Form 10-Q, and FR Y-9C consolidated financial statements.

Disclosure Mapping Table

Disclosure Requirement	2024 Form 10-K	Q2-2025 Form 10-Q	Q2-2025 FR Y-9C
Table I: Scope of Application	<ul style="list-style-type: none"> Part I, Item 1.(Business, Restrictions on Dividends and Repurchases) Trust Preferred Securities (Note 17) Regulatory Capital Requirements (Note 20) 	<ul style="list-style-type: none"> Regulatory Capital (Management's Discussion and Analysis of Financial Condition and Results of Operations) 	-
Table II: Capital Structure	<ul style="list-style-type: none"> Part I, Item 1 (Capital Adequacy) Trust Preferred Securities (Note 17) Stockholders' Equity (Note 19) Regulatory Capital Requirements (Note 20) Regulatory Capital (Management's Discussion and Analysis of Financial Condition and Results of Operations) 	<ul style="list-style-type: none"> Stockholders' Equity (Note 17) Regulatory Capital (Management's Discussion and Analysis of Financial Condition and Results of Operations) 	-
Table III: Capital	<ul style="list-style-type: none"> Enterprise Risk Management (Risk Management) 	-	Schedule HC-R
Table IV: Capital Conservation Buffer	<ul style="list-style-type: none"> Regulatory Capital Requirements (Note 20) Regulatory Capital (Management's Discussion and Analysis of Financial Condition and Results of Operations) 	<ul style="list-style-type: none"> Regulatory Capital (Management's Discussion and Analysis of Financial Condition and Results of Operations) 	-
Table V: Credit Risk – General Disclosure	<ul style="list-style-type: none"> Summary of Significant Accounting Policies (Note 2) Allowance for credit losses – loans held-in-portfolio (Note 8) Credit Risk (Management's Discussion and Analysis of Financial Condition and Results of Operations) Table 5 – Analysis of Levels & Yields on a Taxable Equivalent Basis from Continuing Operations Non-GAAP (Management's Discussion and Analysis of Financial Condition and Results of Operations) 	<ul style="list-style-type: none"> Allowance for credit losses – loans held-in-portfolio (Note 8) Credit Risk (Management's Discussion and Analysis of Financial Condition and Results of Operations) Table 3 – Analysis of Levels & Yields on a Taxable Equivalent Basis from Continuing Operations Non-GAAP (Management's Discussion and Analysis of Financial Condition and Results of Operations) 	Schedule HC-C, HC-R
Table VI: General Disclosures for Counterparty Credit Risk Related Exposures	<ul style="list-style-type: none"> Part I, Item 1A, Risk Factors (Liquidity Risks) Liquidity (Management's Discussion and Analysis of Financial Condition and Results of Operations") Derivative instruments and hedging activities (Note 25) 	<ul style="list-style-type: none"> Liquidity (Management's Discussion and Analysis of Financial Condition and Results of Operations") 	-
Table VII: Credit Risk Mitigation	<ul style="list-style-type: none"> Part I, Item 1 Business (Credit Administration and Credit Policies) Financial Condition – Loans, Financial Condition – Deposits, and Credit Risk – Geographical and Government Risk (Management's Discussion and Analysis of Financial Condition and Results of Operations) Commitments and contingencies (Note 23) 	<ul style="list-style-type: none"> Financial Condition – Loans, Financial Condition – Deposits, and Credit Risk – Geographical and Government Risk (Management's Discussion and Analysis of Financial Condition and Results of Operations) Commitments and contingencies (Note 20) 	-

Table VIII: Securitization	▪ -	-	-
Table IX: Equities Not Subject to Market Risk Rule	<ul style="list-style-type: none"> ▪ Market / Interest Rate Risk (Management's Discussion and Analysis of Financial Condition and Results of Operations) ▪ Fair Value Measurement (Note 27) ▪ Employee Benefits (Note 29) ▪ Related party transactions (Note 26) 	<ul style="list-style-type: none"> ▪ Market / Interest Rate Risk (Management's Discussion and Analysis of Financial Condition and Results of Operations) ▪ Fair Value Measurement (Note 23) ▪ Related party transactions (Note 22) 	-
Table X: Interest Rate Risk for Non- Trading Activities	<ul style="list-style-type: none"> ▪ Risk Management (Management's Discussion and Analysis of Financial Condition and Results of Operations) 	<ul style="list-style-type: none"> ▪ Risk Management (Management's Discussion and Analysis of Financial Condition and Results of Operations) 	-

APPENDIX 2: Abbreviations and Defined Terms

ACL	Allowance for Credit Losses
ALCO	Asset / Liability Committee
AOCI	Accumulated Other Comprehensive Income
BCBS	Basel Committee on Banking Supervision
BPPR	Banco Popular de Puerto Rico
DTL	Deferred Tax Liability
CET1	Common Equity Tier 1
CMO	Collateralized Mortgage Obligation
CRE	Commercial Real Estate
ERM	Enterprise Risk Management
EVTC	Evertec, Inc.
GAAP	Generally Accepted Accounting Principles
GNMA	Government National Mortgage Association
HVCRE	High Volatility Commercial Real Estate
MD&A	Management Discussion and Analysis
MDB	Multilateral Development Bank
NYSDFS	New York State Department of Financial Services
NII	Net Interest Income
PB	Popular Bank
PCD	Purchased Credit Deteriorated
PSE	Public Sector Entity
RAS	Risk Appetite Statement
RWA	Risk-Weighted Assets
The Corporation	Popular
VIE	Variable Interest Entity